PHILIP MORRIS USA — INTER-OFFICE CORRESPONDENCE
120 PARK AVENUE, NEW YORK, NY 10017-5592

TO: Distribution **DATE:** April 26, 1996

FROM: Norma Suter

SUBJECT: Minutes Of The New Products Committee Meeting April 19, 1996

Confidential

This summarizes the discussions held at the New Products Committee meeting on Friday, April 19th in Richmond. The next meeting is scheduled for Wednesday, May 29th in New York, 5th floor presentation room, starting at 9:30 a.m. Agenda items to Norma Suter by 5/22/96.

D Levels Of Readiness - George Yatrakis

a) BXM - Full presentation and discussion to be held later in the meeting.

b) Lotus Notes - Expected to be up and running by end of April.

c) Merit 1 - Menthol prototypes to be produced though as yet unscheduled. 1mg KS/ 2 mg 100's with two different filter options. Brand to make recommendations as to how/if to proceed with this project.

d) Odyssey - Naturalness - PNC natural prototype test results shared but did not meet subjective and analytical targets. Blend to be revised. American Spirit analyticals shared.

e) Odyssey - New Taste Sensation - Product development in progress--three aftercuts for non-menthol prototypes; one aftercut for menthol. Products in production with internal testing and single stick external testing approved.

f) Parliament Menthol - Promotional product expected to be at retail 4/29/96.

g) Reduced Circumference - Results of packaging shake and tax stamping test yielded no negative impact to product cigarette prototypes being evaluated.

h) Royce - No issues regarding contamination with equipment at Kraft. Machinery in separate wash-down building/room.

i) Single/Dual Wrap - Product ready for focus group testing.

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Source: https://www.industrydocuments.ucsf.edu/docs/lkpx0003

Follow-up From Last Meeting

1) Carolyn Levy updated numbers on source of volume for Marlboro Menthol. Number one source of volume is Newport. Number two is Salem.

2) P98 recommendation for Marlboro RI test market and review of consumer complaints for Merit at next meeting.

II) Review of Case Tracking and Identification

Goal: be able to accurately locate and effect a change to individual cases of finished product prior to exit from public warehouses. Case traceability proposed design presented.

Next Steps:

- Run preprint technology trial test (currently wk 1 of 2).
- Confirm trial results.
- Continue to develop 650.
- Obtain approval and proceed with Phase 1.

- Elimination/Reduction of graphics project is Phase II of the traceability project.

Recommendation:

			Preliminary Timing
Phase 0	Business Definition and 650 Production Preliminary Timing	-	3rd Qtr. '96
Phase 1	Case Traceability	-	4th Qtr. '97
Phase 2	Reduced Graphics	-	TBD
Phase 3	Plain Brown Box	-	TBD

Net: 18-22 months to Case Traceability
18-36 months to reduced graphics
2+ years to Plain Brown Boxes

Agreement: Continue work on traceability with key contacts in NYO of Nancy Pilotti and International Kathy Fuss/Leslie Greer.

III) Review of BXM

Three ideas reviewed, potential timeliness and test markets reviewed. Product options discussed.

Next step: -Investigate smaller "PNC-like" test market as option.
-Share ideas with Senior Management
-Finalize product decision

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IV) Review of Newport Ice and Red Kamel: Presentation of Review by Team Eagle

a) Newport Ice product analyticals reviewed

KSFF and 100's: Similar blend Higher menthol/puff and lower tar

KSLights: White tipped, increased tar (10.1 mg) vs. Newport Lights (9.0); increased menthol/puff.

Conclusion: Similar design to parent Newport but with a lot more menthol.

Launch activity to date primarily Indiana and Louisiana; three packings (FF Soft Kings and 100's; Lights KSB). Preliminary results shared.

Next Step: Continued monitoring of Newport Ice.

b) Red Kamel

- Four microlaunches in 1st Qtr. '96, San Francisco; Dallas; NYC; LA.
- Product analyticals reviewed.
- No marketplace results available.

Next Step: -Qualitative research among progressive YAS (May '96) to gauge response to brand.
-Monitor results and any expansion.
-Assess Kamel Menthe.

c) Review of Eagle Team mission, objectives, goals, and action steps in assessing new products in the marketplace.

Agreements:

1) Request to review PNC telephone sample in NYC to include Red Kamel, Kamel Menthe, and Parliament Menthol to gain awareness data.

2) Agreement to review Eclipse and Kamel Menthe.

V) Presentation of New Products Process Workshop Proposal

- Recommendation to include Sales/Distribution and manufacturing personnel in process.

- Next Steps:
  - Finalize attendance from Marketing
  -Agreement to run pilot test of program.

VI) Items For Discussion at the Next NPC Meeting - 5/29/96

-Decision on product for BXM
-Marlboro RI test market recommendation
-Quality control review (consumer calls) for Merit
-Reduced Circumference test results and plan
-Merit 1 review of progress to date
-Basic Box review

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In Attendance:

Dave Beran
Jeanne Bonhomme
Bob Davidson
Karen Eisen
Cathy Ellis
Pascal Fernandez
Truman Foster
Dick Heretick
Ken Houghton
Bob Latshaw
Suzanne LeVan
Carolyn Levy
Jerry McCracken
Bob Mikulay
David Milby
George Reid
Andrew Schwartz
Judy Smith
Norma Suter
George Yatrakis
Ed Wooldridge

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